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HUSCH BLACKWELL SANDERS LLP			EXAMINER	
720 OLIVE STREET			UBER, NATHAN C	
SUITE 2400				
ST. LOUIS, MO 63101			ART UNIT	PAPER NUMBER
			3622	
			NOTIFICATION DATE	DELIVERY MODE
			12/26/2008	ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

pto-sl@huschblackwell.com

Office Action Summary	Application No. 10/599,923	Applicant(s) LEE, WOO SUNG
	Examiner NATHAN C. UBER	Art Unit 3622

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
 - If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
 - Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED. (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 26 September 2008.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-8,10,12,14-16,21 and 22 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-8,10,12,14-16,21 and 22 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All b) Some * c) None of:
1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) Notice of References Cited (PTO-892)
- 2) Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) Information Disclosure Statement(s) (PTO/SB/08)
 Paper No(s)/Mail Date _____
- 4) Interview Summary (PTO-413)
 Paper No(s)/Mail Date _____
- 5) Notice of Informal Patent Application
- 6) Other: _____

DETAILED ACTION

Status of Claims

1. This action is in reply to the amendment filed on 26 September 2008.
2. Claims 1, 5, 6-8, 10 and 14 have been amended.
3. Claims 21 and 22 have been added.
4. Claims 13 and 17-20 have been canceled.
5. Claims 9 and 11 have been canceled by preliminary amendment 13 October 2006.
6. Claims 1-8, 10, 12, 14-16 and 21-22 are currently pending and have been examined.

Claim Objections

7. Claims 13, and 17-20 were objected to in the previous Office action. The claims have been canceled, therefore the objections are moot.

Claim Rejections - 35 USC § 112

8. Claims 13, 17 and 18 were rejected under 35 U.S.C. 112, second paragraph. The claims have been canceled, therefore the rejections are moot.

Claim Rejections - 35 USC § 101

9. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

10. Claims 1-8, 10, 12 and 16 were rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. This rejection is maintained and repeated below. Based on Supreme Court precedent, a method/process claim must (1) be tied to another statutory class of invention (such as a particular apparatus) (see at least *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70

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(1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing (see at least *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972)). A method/process claim that fails to meet one of the above requirements is not in compliance with the statutory requirements of 35 U.S.C. 101 for patent eligible subject matter. Here independent claims 1 and 10 fail to meet the above requirements because they do not tie in a second statutory class of invention and because they do not transform underlying subject matter. Dependent claims 7-8, 12 and 16 are rejected because they do not tie in a second statutory class of invention and because they inherit the deficiencies of the independent claims. Applicant amended independent claims 1 and 10 to include the limitation *displaying an advertisement of the second advertiser on said first unit display zone*. A *unit display zone* is not a second statutory class of invention. According to Applicant's specification "a plurality of location where search listings are displayed on a web page" are defined as *unit display zones*. Therefore *unit display zone* is not an apparatus, product of manufacture or a composition of matter. Further even if a *unit display zone* were a second statutory class of invention, the step of *displaying* is considered "insignificant extra-solution activity" and does not serve to sufficiently tie the steps of the method to a statutory class of invention (see at least *In re Bilski*, CAFC, decided 30 October 2008). Therefore Applicant has failed to overcome this rejection and the rejection is maintained in this Office action.

11. Claims 13, 17 and 18 were rejected under 35 U.S.C. 101 because the claimed invention was not directed to a statutory class of invention. The claims have been canceled, therefore the rejection is moot.

Claim Rejections - 35 USC § 102

12. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

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(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

13. **Examiner's Note:** The Examiner has pointed out particular references contained in the prior art of record within the body of this action for the convenience of the Applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply. Applicant, in preparing the response, should consider fully the entire reference as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the Examiner.
14. Claims 1-8, 10, 12, 14-16, 21 and 22 are rejected under 35 U.S.C. 102(e) as being anticipated by McElfresh et al. (U.S. 6,907,566 B1).

Claims 1 and 21:

McElfresh, as shown, discloses the following limitations:

- *defining a plurality of advertisement locations for placement of advertisements in association with keywords, at least one of said advertisement locations including a plurality of unit display zones in association with a predetermined keyword (see at least Figure 2),*
- *receiving at least one bid data corresponding to a first unit display zone from at least one advertiser, said first unit display zone being one of the plurality of unit display zones associated with said predetermined keyword, each of said at least one bid data indicating a bid amount (see at least column 6, lines 57-67, bid is broadly interpreted to mean a price-per-click),*
- *storing said bid data (see at least column 6, lines 57-67, see also figure 3A, RAD server),*

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- *determining whether a predetermined transfer condition for right to display an advertisement on said first unit display zone is satisfied, the right to display an advertisement in said first unit display zone being owned by a first advertiser* (see at least column 6, lines 42-48, see also at least column 6, lines 14, these are examples of various predetermined transfer conditions that effect the right for an ad to be displayed in a given location),
- *upon determining that the predetermined transfer condition is satisfied, retrieving at least a portion of said stored bid data owns* (see at least column 6, lines 42-48 and lines 49-56),
- *determining a winning bid, based at least in part on a bid amount, among said retrieved bid data for placement of an advertisement on said first unit display zone in association with search result list generated in response to a search query associated with said predetermined keyword* (see at least column 8, lines 1-8),
- *transferring said right to display an advertisement on said first unit display zone from said first advertiser to a second advertiser which has submitted said winning bid* (see at least column 8, lines 1-8),
- *displaying an advertisement of the second advertiser on said first unit display zone* (see at least Figure 1, this figure demonstrates the display if an ad in various zones, the entity that "owns" the ads does not patentably affect the scope of the claim).

Claim 2:

McElfresh, as shown, discloses the following limitation:

- *if said display right of said first unit display zone is transferred to said second advertiser, the steps (d) - (g) are executed for at least one of the remaining unit display zones associated with said predetermined keyword* (see at least column 8, line 1-8).

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Claim 3:

McElfresh, as shown, discloses the following limitation:

- *if said second advertiser has submitted a plurality of winning bids corresponding to a plurality of said unit display zones associated with said predetermined keyword, one unit display zone is assigned to said second advertiser in accordance with at least one predetermined display priority condition* (see at least column 8, line 1-8).

Claim 4:

McElfresh, as shown, discloses the following limitation:

- *wherein the predetermined display priority condition is determined based at least in part on review of cost-per-click pricing model* (see at least column 8, line 1-8).

Claim 15:

McElfresh, as shown, discloses the following limitation:

- *the predetermined display priority condition is determined based at least in part on review of selection by said second advertiser* (see at least column 8, line 1-8).

Claim 5:

McElfresh, as shown, discloses the following limitations:

- *said bid data include payable fee per single click* (see at least column 8, line 1-8),
- *the step (f) of determining a winning bid comprises the step of determining a winning bid in accordance with said payable fee per single click* (see at least column 8, line 1-8).

Claim 6:

McElfresh, as shown, discloses the following limitation:

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- *ordering said stored bid data in accordance with payable fee per single click, said payable fee per single click being included in said bid data, wherein the step (f) of determining a winning bid determines said winning bid in accordance with the order of said bid data* (see at least column 8, line 1-8).

Claim 7:

McElfresh, as shown, discloses the following limitations:

- *the predetermined transfer condition is associated with bid data corresponding to the first unit display zone, which has been newly submitted, and* (see at least column 8, line 1-8),
- *the step (f) of determining a winning bid comprises the steps of ordering said stored bid data* (see at least column 8, line 1-8),
- *re-ordering said stored bid data if new bid data has been submitted* (see at least column 8, line 1-8),
- *determining a winning bid in accordance with the order of said bid data* (see at least column 8, line 1-8).

Claim 8:

McElfresh, as shown, discloses the following limitation:

- *the predetermined transfer condition is associated with an expiration of a predetermined contract for the search listing* (see at least column 8, line 1).

Claim 13:

McElfresh, as shown, discloses the following limitation:

- *A computer-readable recording medium having computer-executable instructions for executing a method according to claim 1* (see at least figure 3).

Claim 17:

McElfresh, as shown, discloses the following limitation:

- *A computer programmed to perform the steps recited in claim 1 (see at least figure 3).*

Claims 10 and 22:

McElfresh, as shown, discloses the following limitations:

- *receiving a plurality of bids for a particular placement position of advertisement in association with a predetermined keyword, said each bid indicating a bid amount and an advertisement (see at least column 6, lines 57-67),*
- *storing said bids see at least column 6, lines 57-67, see also figure 3A, RAD server),*
- *determining whether a predetermined transfer condition for right to display an advertisement on said particular placement position is satisfied, which has been assigned to a first advertiser (see at least column 6, lines 42-48),*
- *upon determining that the predetermined transfer condition is satisfied, selecting, based at least in part on review of bid amounts, a bid of said stored bids for said particular placement position of advertisement in association with said predetermined keyword (see at least column 8, lines 1-8),*
- *transferring said right to display an advertisement on said particular placement position in association with said predetermined keyword from said first advertiser to a second advertiser who has submitted said selected bid (see at least column 8, lines 1-8),*
- *displaying an advertisement of the second advertiser on said particular placement position*

Claim 12:

McElfresh, as shown, discloses the following limitation:

- *if said second advertiser wins bidding for more than one placement position of advertisement in association with said predetermined keyword, one*

placement position of advertisement in association with said predetermined keyword is assigned to said second advertiser in accordance with a predetermined condition, and wherein said predetermined condition is determined based at least in part on review of cost-per-click pricing model (see at least column 8, line 1-8).

Claim 16:

McElfresh, as shown, discloses the following limitation:

- *if said second advertiser wins bidding for more than one placement position of advertisement in association with said predetermined keyword, only one placement position of advertisement in association with said predetermined keyword is assigned to said second advertiser in accordance with a predetermined condition, and wherein said predetermined condition is determined based at least in part on review of selection by said second advertiser (see at least column 8, line 1-8).*

Claim 18:

McElfresh, as shown, discloses the following limitation:

- *A computer programmed to perform the steps recited in claim 10 1 (see at least figure 3).*

Claim 14:

McElfresh, as shown, discloses the following limitations:

- *means for defining a plurality of advertisement locations for placement of advertisements in association with a keyword, at least one of said advertisement locations including a plurality of unit display zones in association with a predetermined keyword (see at least figure 2),*
- *a user interface, configured for receiving at least one bidding corresponding to a first unit display zone associated with the predetermined keyword from at*

least one advertiser, each of the at least one bidding indicating a bid amount (see at least figure 3),

- *a memory, said memory storing bid data corresponding to the at least one bidding (see at least figure 3),*
- *means for processing bid for said first unit display zone, said means for processing the bid determining a winning bid for said first unit display zone (see at least figure 3),*
- *means for transferring a right to display said first unit display zone to an advertiser who has submitted the winning bid (see at least figure 3),*
- *wherein said means for processing the bid performs a re-bidding process among the stored bid data corresponding to the at least one bidding, based at least in part upon the bid amount upon determining that a predetermined transfer condition for the right to display said first unit display zone is satisfied (see at least figure 3).*

Response to Arguments

15. Applicant's arguments filed 26 September 2008 have been fully considered but they are not persuasive. With respect to claims 1 and 14 Applicants argues several alleged distinctions between Applicant's invention and the McElfresh reference; however, none of these alleged distinctions are part of Applicant's claims. Applicant argues the following (see pages 16-17 and 20 of Applicants amendment): "[a]n advertisement location is not derived by an advertiser but derived based on calculated performance data in McElfresh '566 [w]hereas, the present invention requires the advertisement location to be decided by advertisers;" "the system of the present invention cannot move an advertisement from one location to another without an advertiser's request;" and, "claim 1 of the present invention determines a winning is among a plurality of biddings for the same advertisement location once a contract for the existing advertisement displayed on the same advertisement location is terminated." The claims do neither recite that

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advertisers decide advertisement locations nor that advertisers request location changes and further there is nothing in the claims indicating that the winning bids are determined when a contract is terminated. Applicant also argues on pages 15 and 19 that Applicant's invention and the McElfresh reference are distinct because Applicant's invention is directed to an "automatic re-bidding process for a particular advertisement position on a web page." Nowhere in the claims is there any disclosure of "re-bidding." Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993). As shown in the rejections above, every limitation in the claims was given its broadest reasonable interpretation in light of the specification. See MPEP § 2111. The previously presented prior art rejections are maintained in this Office action.

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Conclusion

16. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).
17. A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

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18. Any inquiry of a general nature or relating to the status of this application or concerning this communication or earlier communications from the Examiner should be directed to **Nathan C Uber** whose telephone number is **571.270.3923**. The Examiner can normally be reached on Monday-Friday, 9:30am-5:00pm. If attempts to reach the examiner by telephone are unsuccessful, the Examiner's supervisor, **Eric Stamber** can be reached at **571.272.6724**.
19. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see [<http://pair-direct.uspto.gov>](http://portal.uspto.gov/external/portal/pair). Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at **866.217.9197** (toll-free).
20. Any response to this action should be mailed to:

Commissioner of Patents and Trademarks

P.O. Box 1450, Alexandria, VA 22313-1450

or faxed to **571-273-8300**.

21. Hand delivered responses should be brought to the **United States Patent and Trademark Office Customer Service Window**:

Randolph Building
401 Dulany Street
Alexandria, VA 22314.

/Nathan C Uber/ Examiner, Art Unit 3622
20 December 2008

/Arthur Duran/
Primary Examiner, Art Unit 3622